

**REPORT OF THE AUDIT OF THE
FULTON COUNTY
SHERIFF**

**For The Year Ended
December 31, 2002**



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CRIT LUALLEN
Auditor of Public Accounts

To the People of Kentucky
Honorable Ernie Fletcher, Governor
Robbie Rudolph, Secretary
Finance and Administration Cabinet
Honorable Harold Garrison, Fulton County Judge/Executive
Honorable Robert Hopper, Fulton County Sheriff
Members of the Fulton County Fiscal Court

The enclosed report prepared by Kem, Duguid & Associates, PSC, Certified Public Accountants, presents the statement of receipts, disbursements, and excess fees of the Sheriff of Fulton County, Kentucky, for the year ended December 31, 2002.

We engaged Kem, Duguid & Associates, PSC to perform the financial audit of this statement. We worked closely with the firm during our report review process; Kem, Duguid & Associates, PSC evaluated the Fulton County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in cursive script, reading "Crit Luallen".

Crit Luallen
Auditor of Public Accounts

Enclosure



**REPORT OF THE AUDIT OF THE
FULTON COUNTY
SHERIFF**

**For The Year Ended
December 31, 2002**

KEM, DUGUID & ASSOCIATES, P.S.C.

**P.O. BOX 562
102 WEST 2ND STREET
HOPKINSVILLE, KY 42241
TELEPHONE (270) 886-6355
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EXECUTIVE SUMMARY
AUDIT EXAMINATION OF THE
FULTON COUNTY SHERIFF

For The Year Ended
December 31, 2002

Kem, Duguid & Associates, PSC has completed the Fulton County Sheriff's audit for the year ended December 31, 2002. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

Excess fees increased by \$3,619 from the prior year, resulting in excess fees of \$3,623 as of December 31, 2002. Revenues increased by \$16,840 from the prior year and disbursements increased by \$13,217.

Deposits:

The Sheriff's deposits were insured and collateralized by bank securities or bonds.

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Certified Public Accountants
102 WEST SECOND STREET
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MICHAEL A. KEM

SANDRA D. DUGUID

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Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Sheriff of Fulton County, Kentucky, for the year ended December 31, 2002. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the year ended December 31, 2002, in conformity with the modified cash basis of accounting.

MEMBERS:

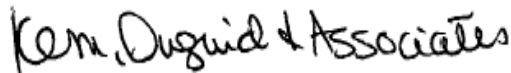
American Institute of Certified Public Accountants

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In accordance with Government Auditing Standards, we have also issued our report dated December 16, 2003, on our consideration of the County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink that reads "Kem, Duguid & Associates". The signature is written in a cursive, flowing style.

Kem, Duguid & Associates, PSC

Audit fieldwork completed -
December 16, 2003

FULTON COUNTY
ROBERT HOPPER, COUNTY SHERIFF
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

For The Year Ended December 31, 2002

Receipts

State Grants		\$	6,826
State - Kentucky Law Enforcement Foundation Program Fund			9,893
State Fees For Services:			
Finance and Administration Cabinet	\$	9,685	
Cabinet For Human Resources		1,188	
Conveying Prisoners		14,161	
Sheriff Security Service		4,665	29,699
Circuit Court Clerk:			
Sheriff Security Service	\$	5,266	
Fines and Fees Collected		3,488	
Court Ordered Payments		835	9,589
Fiscal Court			36,047
County Clerk - Delinquent Taxes			586
Commission On Taxes Collected			90,225
Fees Collected For Services:			
Auto Inspections	\$	4,305	
Accident and Police Reports		67	
Serving Papers		12,850	
Carrying Concealed Deadly Weapon Permits		1,975	
Sheriff Fees		10,508	29,705
Other:			
Conveying Mental Patients	\$	1,494	
Executions		530	2,024
Interest Earned			999
Borrowed Money:			
State Advancement	\$	41,648	
Bank Note		5,000	46,648
Total Receipts		\$	262,241

The accompanying notes are an integral part of this financial statement.

FULTON COUNTY
 ROBERT HOPPER, COUNTY SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 For The Year Ended December 31, 2002
 (Continued)

Disbursements

Operating Disbursements:

Personnel Services-

Deputies' Salaries	\$	57,827
Part-Time Salaries		8,465
Overtime		8,269
KLEFPF Pay		9,300

Employee Benefits-

Employer's Share Retirement		593
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Contracted Services-

Computer Services		4,123
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Materials and Supplies-

Office Materials and Supplies		2,279
Law Enforcement Supplies		4,039
Uniforms		271
Radio Maintenance		799

Auto Expense-

Mileage		36,425
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Other Charges-

Conventions and Travel		5,194
Dues		300
Postage		1,991
Insurance		500
Bond		258
Carrying Concealed Deadly Weapon Permits		1,575
Telephone		3,098
Jury Meals		529
Miscellaneous		4,520
Fiscal Court Filing Fees		18
Court Ordered Payments		772

Debt Service:

State Advancement		41,648
Notes		5,000
Interest		48

Total Disbursements		<u>\$ 197,841</u>
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The accompanying notes are an integral part of this financial statement.

FULTON COUNTY
 ROBERT HOPPER, COUNTY SHERIFF
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES
 For The Year Ended December 31, 2002
 (Continued)

Net Receipts		\$	64,400
Less: Statutory Maximum	\$	57,812	
Sheriff's Training Incentive		<u>2,965</u>	<u>60,777</u>
Excess Fees Due County for 2002		\$	3,623
Payments to County Treasurer - January 24, 2003	\$	3,619	
February 6, 2003		<u>4</u>	<u>3,623</u>
Balance Due at Completion of Audit		<u>\$</u>	<u>0</u>

The accompanying notes are an integral part of this financial statement.

FULTON COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2002

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2002.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.41 percent for the first six months of the year and 6.34 percent for the last six months of the year.

FULTON COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2002
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits:

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2002, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

Note 4. Drug Fund

In April 1990, the Fulton County Sheriff's office received funds from the sale of assets seized as a result of various drug arrests and created the Fulton County Drug Fund. This Fund is to be used for the prevention of drug abuse in Fulton County. As of January 1, 2002, the Drug Fund had a balance of \$6,095. During 2002, there were receipts of \$4,312 and disbursements of \$4,687, leaving a balance of \$5,720.

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of receipts, disbursements, and excess fees of the Fulton County Sheriff for the year ended December 31, 2002, and have issued our report thereon dated December 16, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Fulton County Sheriff's financial statement for the year ended December 31, 2002, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Fulton County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

MEMBERS:

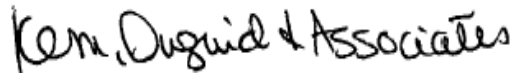
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Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink that reads "Kem, Duguid & Associates". The signature is written in a cursive, flowing style.

Kem, Duguid & Associates, PSC

Audit fieldwork completed -
December 16, 2003

